

Message Text

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14

ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 PA-01

PRS-01 /102 W

----- 046782

R 101422Z NOV 76

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 1566

INFO AMEMBASSY BOGOTA

AMEMBASSY BUENOS AIRES

AMEMBASSY GUATEMALA

AMEMBASSY LIMA

AMEMBASSY MEXICO

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY SANTIAGO

AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: BTIO, BTRA, ENRG, EQIP, PINR, NU, XK, XM

SUBJECT: POTENTIAL FOR GEOTHERMAN ENERGY DEVELOPMENT IN LATIN
AMERICA

REF: MANAGUA 5190 (NOTAL)

BEGIN SUMMARY. AN AMERICAN ENGINEERING FIRM, CALIFORNIA ENERGY CO.,
HAS JUST WON A \$22 MILLION CONTRACT TO DEVELOP FURTHER THE GEO-
THERMAL ENERGY POTENTIAL OF MOMOTOMBO VOLCANO. THAT FIRM IS PLAN-
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ING A JOINT APPROACH WITH OTHER US FIRMS TO DEVELOP BUSINESS IN THE

GEOTHERMAL FIELD IN OTHER LATIN AMERICAN COUNTRIES. ALTHOUGH CALIFORNIA ENERGY'S TECHNICAL COMPETENCE HAS BEEN CALLED INTO QUESTION LOCALLY, ITS PRESIDENT'S APPARENT CLOSE TIES TO PRESIDENT SOMOZA HAVE GIVEN IT THE INSIDE TRACK IN THIS FIELD IN NICARAGUA. ACTION REQUESTED: EMBASSY WOULD APPRECIATE INFO ON BONA FIDES OF CALIFORNIA ENERGY AND ITS HEAD, CHARLES T. CONDY. END SUMMARY.

1. CHARLES T. CONDY, PRESIDENT, CALIFORNIA ENERGY CO., INC. SANTA ROSA, CALIFORNIA, CALLED ON AMBASSADOR RECENTLY TO DISCUSS HIS FIRM'S ACTIVITIES IN NICARAGUA AND ITS PROSPECTS FOR BUSINESS IN DEVELOPING GEOTHERMAL ENERGY IN THIS AND OTHER LATIN AMERICAN COUNTRIES. CONDY'S FIRM, WHICH HAS BEEN DOING THE ENGINEERING FOR THE DEVELOPMENT OF GEOTHERMAL ENERGY AT THE MOMOTOMBO VOLCANO SITE ON LAKE MANAGUA FOR THE PAST YEAR, HAS JUST WON A \$22 MILLION CONTRACT TO CONTINUE DEVELOPMENT OF THAT PROJECT OVER THE NEXT TWO YEARS.

2. CONDY AND A GEOLOGIST WITH HIS FIRM, JAMES MOORE, TOLD THE AMBASSADOR THAT THEY HAD PARTICIPATED IN A RECENT INTERNATIONAL SEMINAR ON GEOTHERMAL POWER IN GUATEMALA WHERE THEY FOUND CONSIDERABLE INTEREST AMONG LATIN AMERICAN DELEGATES IN THIS ENERGY SOURCE. ACCORDING TO CONDY, CENTRAL AMERICA AND THE ANDEAN COUNTRIES OF SOUTH AMERICA, INCLUDING ARGENTINA, COULD PRODUCE AN ESTIMATED 9,200 MEGAWATTS OF GEO-THERMAL POWER. HE ADDED THAT THE DEVELOPMENT OF THIS GEOTHERMAL POTENTIAL COULD MEAN BUSINESS WORTH AT LEAST \$8.25 BILLION OF WHICH HALF WOULD GO FOR ENGINEERING AND DRILLING.

3. CONDY CLAIMED THAT HIS FIRM IS THE ONLY US COMPANY PRESENTLY ENGAGED IN DEVELOPING GEOTHERMAL STEAM OPERATIONS IN LATIN AMERICA, ALTHOUGH ANOTHER US FIRM, UNION OIL, IS SO ENGAGED ELSEWHERE. CALIFORNIA ENERGY CO. PLANS TO JOIN REPRESENTATIVES OF DRESSER INDUSTRIES AND ARMCO STEEL CO., CONDY SAID, IN APPROACHING VARIOUS LATIN AMERICAN NATIONS NEXT SPRING TO OFFER THEIR COMBINED SERVICES FOR DEVELOPING THE GEOTHERMAL POTENTIAL OF EACH COUNTRY.

4. THIS EMBASSY IS NOT IN A POSITION TO JUDGE CONDY'S OR HIS FIRM'S BONA FIDES. THERE HAS BEEN, MOREOVER, A FAIR AMOUNT OF LOCAL CRITICISM OF HIM AND OF HIS WHEELER-DEALER STYLE OF OPERATIONS, THE KEY TO WHICH IS HIS APPARENT DIRECT ACCESS TO PRESIDENT SOMOZA. LIMITED OFFICIAL USE

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MUCH OF THIS CAN BE ATTRIBUTED TO JEALOUSY. SOME CRITICISM CENTERS ALSO ON HIS FIRM'S TECHNICAL CAPABILITY. AMERICAN ENGINEERS WORKING WITH ENERGETICOS, S.A. A SOMOZA-CONNECTED FIRM THAT IS DRILLING WELLS AT MOMOTOMBO UNDER CALIFORNIA ENERGY'S DIRECTION, ASSERT THAT THOSE WELLS ARE POORLY POSITIONED. NONETHELESS, CONDY CONTINUES TO ENJOY PRESIDENT'S CONFIDENCE AND IS, FOR THE MOMENT AT LEAST, THE PARAMOUNT FIGURE AFTER SOMOZA HIMSELF IN THE LOCAL GEOTHERMAL PICTURE.

6. EMBASSY WOULD APPRECIATE ANY INFORMATION THAT ADDRESSEES CAN
DEVELOP RE REPUTATION ON CONDY AND CALIFORNIA ENERGY.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: THERMAL POWER PLANTS, PROGRAMS (PROJECTS), ELECTRIC EQUIPMENT, EXPLOITATION (NATURAL RESOURCES), STUDIES, PROPOSALS (BID)
Control Number: n/a
Copy: SINGLE
Draft Date: 10 NOV 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MANAGU05228
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760419-0767
From: MANAGUA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761163/aaaaccgh.tel
Line Count: 119
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 MANAGUA 5190
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 JUL 2004 by ShawDG>; APPROVED <25 OCT 2004 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POTENTIAL FOR GEOTHERMAN ENERGY DEVELOPMENT IN LATIN AMERICA
TAGS: BTIO, BTRA, ENRG, EQIP, PINR, NU, XK, XM, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006